

Message Text

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PAGE 01 BUDAPE 00819 251201Z
ACTION SS-25

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C O N F I D E N T I A L BUDAPEST 0819

EXDIS

E.O.11652: GDS
TAGS: ABLD EEWT OEXC HU US
SUBJECT: AMBASSADOR'S MEETING WITH NAGY FEB 25

1. THE AMBASSADOR MET WITH DEPUTY FONMIN JANOS NAGY FEB 25
TO REVIEW ISSUES IN BILATERAL RELATIONS WHICH ARE LIKELY TO
BE BROUGHT UP DURING HIS UPCOMING CONSULTATIONS IN WASHINGTON.

2. MFN NEGOTIATIONS: NAGY AND THE AMBASSADOR AGREED THAT
BOTH SIDES SHOULD TRY TO INITIAL A TRADE AGREEMENT BY THE
END OF NEXT WEEK. NAGY FURTHER AGREED WITH THE AMBASSADOR'S
SUGGESTION THAT THE TRADE AGREEMENT THEN BE SIGNED IN BUDA-
PEST AT THE EARLIEST POSSIBLE DATE. THERE WAS NO INDICATION
THAT THE GOH ANTICIPATES ANY SERIOUS PROBLEMS OR INTENDS TO
REOPEN PARTS OF THE DRAFT AGREEMENT WHICH ARE TENTATIVELY
AGREED ON.

3. EMIGRATION ASSURANCES: THE AMBASSADOR TOLD NAGY THAT WE
ANTICIPATE ONLY MINOR EDITORIAL CHANGES IN THE HUNGARIAN
DRAFT EXCHANGE OF LETTERS, WHICH MAY BE CAUSED BY CONSULTA-
TIONS WE ARE CARRYING OUT WITH KEY MEMBERS OF CONGRESS AND
OUR RESULTING STRATEGY IN EXACTLY HOW TO USE THE LET-
TERS. NAGY EXPRESSED HIS READINESS TO RECEIVE ANY
SUGGESTIONS WE MAY HAVE NEXT WEEK.

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4. CULTURAL AGREEMENT PROGRAM DOCUMENT: THE AMBAS-
SADOR UNDERLINED THE IMPORTANCE WE ATTACH TO IMPLE-
MENTATION OF THE CULTURAL AGREEMENT. HE SAID THAT
HE WAS FRANKLY TROUBLED BY THE CHANGES WHICH THE
INSTITUTE OF CULTURAL RELATIONS HAD SUGGESTED IN THE
PROGRAM DOCUMENT IN TALKS EARLIER THIS WEEK, IN THAT
THESE CHANGES REPRESENTED A RETROGRESSION FROM

LANGUAGE WHICH WE THOUGHT HAD BEEN AGREED UPON IN DECEMBER. THE AMBASSADOR EMPHASIZED OUR NEED FOR ASSURANCES THAT WE CAN MOUNT A MAJOR EXHIBIT IN HUNGARY AT LEAST EVERY TWO YEARS. HE ALSO EXPLAINED TO NAGY WHY WE WISH TO HAVE THE RIGHT TO NOMINATE (NOT SELECT) HUNGARIAN ACADEMICIANS FOR TRAVEL TO THE U.S. UNDER THE AGREEMENT. FINALLY, THE AMBASSADOR EXPRESSED OUR DISAPPOINTMENT THAT THE HUNGARIAN SIDE WISHES TO LIMIT THE EXCHANGE OF SENIOR SPECIALISTS TO TEN EACH YEAR, RATHER THAN ESTABLISHING TEN AS A MINIMUM FROM WHICH WE COULD WORK.

5. IN REPLY, NAGY TREATED THE AMBASSADOR TO A FILIBUSTER CENTERING ON THE QUESTION THAT EACH SIDE SHOULD NOT ONLY HAVE THE SAME RIGHTS TO MOUNT EXHIBITS, BUT SHOULD ALSO BE ABLE TO RECEIVE COMMITMENTS FROM THE OTHER SIDE TO FACILITATE EXHIBITS. HE CLAIMED THAT HUNGARY COULD NOT ACCEPT THE PRINCIPLE OF NOMINATIONS BY THE RECEIVING STATE IN A PROGRAM DOCUMENT, BUT CLAIMED THAT IN PRACTICE THERE IS LITTLE TROUBLE IN THE RECEIVING SIDE MAKING INFORMAL SUGGESTIONS. ON THE LEVEL OF EXCHANGES NAGY CLAIMED THAT THE HUNGARIAN SIDE NEEDS A SPECIFIC NUMBER IN ORDER TO OBTAIN FINANCING FROM THE FINANCE MINISTRY. AFTER A PROLONGED DISCUSSION NAGY INDICATED A WILLINGNESS TO CONSIDER ESTABLISHING BOTH MINIMUMS AND MAXIMUMS IN

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ORDER TO GIVE THE U.S. THE FLEXIBILITY WHICH WE DESIRE. NAGY CONCLUDED HIS REMARKS ON THE CULTURAL AGREEMENT PROGRAM DOCUMENT BY ASKING THE AMBASSADOR TO INFORM WASHINGTON THAT HUNGARY DOES WANT CULTURAL EXCHANGES WITH THE U.S. OUR PRESENT DIFFERENCES ARE RELATED TO PRACTICAL PROBLEMS STEMMING FROM THE DIFFERENCES IN PROCEDURE, SIZE, AND FINANCIAL ABILITIES OF THE TWO PARTIES.

6. PROPERTY NEGOTIATIONS: NAGY AGREED THAT IT WOULD BE DESIRABLE TO HOLD THE NEXT NEGOTIATING ROUND IN MARCH. HE POINTED OUT THE NEED FOR THE U.S. TO MAKE ITS DESIRES FOR PURCHASES AND/OR CONSTRUCTION SPECIFIC SO THAT THE HUNGARIAN SIDE CAN REACT TO OUR REQUESTS. NAGY ALSO ACKNOWLEDGED THAT FURTHER NEGOTIATION IS NEEDED ON THE VALUES OF THE PROPERTIES THE U.S. WANTS TO SELL, AND ACCEPTED OUR CONCEPT THAT THE NEGOTIATIONS ON BOTH BUYING AND SELLING SHOULD PROCEED IN TANDEM.

7. SUBSEQUENT TO THE MEETING, AMBASSADOR BARTHA TELEPHONED THE AMBASSADOR TO SAY THAT HE HAD CHECKED WITH THE INSTITUTE FOR CULTURAL RELATIONS ON THE THREE

POINTS THE AMBASSADOR HAD RAISED IN CONNECTION WITH THE CULTURAL AGREEMENT PROGRAM DOCUMENT. BARTHA SAID THAT ON ALL THREE POINTS COMPROMISE IS POSSIBLE. WE WILL FOLLOW UP WITH THE INSTITUTE TO GET MORE SPECIFICS.

8. WHILE THE AMBASSADOR WILL BE CONCENTRATING ON THE MFN NEGOTIATIONS AND EMIGRATION ASSURANCES DURING HIS CONSULTATIONS, HE LOOKS FORWARD TO DISCUSSIONS WITH APPROPRIATE STATE AND USIA OFFICIALS ON THE CULTURAL AGREEMENT PROGRAM DOCUMENT AND PROPERTY NEGOTIATIONS.

9. DEPARTMENT REQUESTED TO PASS PORTION OF THIS TELEGRAM DEALING WITH CULTURAL AGREEMENT TO USIA.
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